

*Excise Tax Act*

heading. In remote areas mining operations are carried on by companies which at the same time look after housing. In most cases they do not have any electric power and they have to use diesel motors.

**Mr. Fleming (Eglinton):** If my hon. friend will permit me, the provision on page 11 which the chairman has called applies only to goods sold to or imported by municipalities. It has nothing to do with goods sold to or imported by mining companies. I understood that my hon. friend was going to speak about the use of diesel fuel oil in internal combustion engines when used for that purpose by mining companies. That arises under the heading "processing materials" on page 12. The heading that the chairman has now called simply pertains to goods sold to or imported by municipalities for their own use and not for resale.

**Mr. Dumas:** Maybe the minister is right but I still think I am also right. There are many small communities not incorporated as municipalities where mining companies look after the housing for miners and other people in the community. The mining companies are called upon to look after this agglomeration of houses. I feel that we have many examples of that in northwestern Quebec, and the mining companies are going to be paying taxes on this fuel oil used in engines to produce electricity. I think this is discrimination against these mining companies. The minister should consider amending clause 7 of the act in favour of the mining companies, just as he did for the logging companies.

**Mr. Fleming (Eglinton):** This brings us directly to the point I was raising, that the matter appears under the heading "Processing materials", on page 12 of the bill. It is the last item, and that is where the lumbering and logging companies are dealt with. That is the point in the schedule, as I understand it, where my hon. friend thought perhaps there should be an enlargement. It is not the provision we are dealing with under the heading of "Municipalities".

**Mr. Benidickson:** Coming from the north as I do, I can understand the point that has been raised by the hon. member for Villeneuve. There is a very close connection between the type of service rendered householders by certain mining companies in the matter of generation and so on, and the type of service that would be provided by an organized municipality. I think that having regard to the exemption that is provided here for municipalities he is making a very good point to which consideration

should be given. He is saying the same consideration should be given to the private company, a company town—it is really less than that, it is an unorganized area. The municipal services that normally are provided by the municipal government are provided by the mines or some other industry. If a duly constituted area is getting exemption for this very important item which, in terms, is passed on to the consumer, it seems to me that my hon. friend is very relevant in suggesting that an extension of this exemption must be made to the company areas.

**Mr. Fleming (Eglinton):** The hon. member for Villeneuve, Mr. Chairman, of course has his opportunity to raise this matter. There is no question about that. We discussed the point with reference to mines last night, in reference to the amendment that was being introduced with respect to the use of diesel fuel oil for internal combustion engines used in the logging operations and in the manufacture of rough lumber. There is no question about his right to bring that up.

**Mr. Chevrier:** Why not allow him to do so now and save time?

**Mr. Benidickson:** No, there is a suggestion in the last item to which my hon. friend the minister is referring that the materials must be consumed or extended directly in the process of manufacture or production of goods. My hon. friend from Villeneuve is speaking about a public service that is provided by a private company for home owners. It is the equivalent of this exemption that is given the municipalities to exempt them from sales tax on fuel that is used for the purpose of generating electricity in that community.

**Mr. Fleming (Eglinton):** We should not take up a lot of time on this. I thought what I was going to suggest would meet the desires of the hon. member. In this case the diesel fuel oil is used in the production of electricity, and not in the production of other goods, and that is why this matter falls under the clause I have mentioned. We have spent so much time now in talking about where it should be taken up, and I think it is quite clear that my hon. friend will have his opportunity to bring it up and the last item is the place because that is where we had our discussion on the subject last night.

**Mr. Dumas:** I do not object to discussing it under the last item of the schedule, if the minister is right in what he is saying that the diesel fuel oil used by municipalities in generating electricity could have been included in the last paragraph. However,